

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 153 Section 153.115 Nontaxable Transactions</b>
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**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 153  
WATERCRAFT USE TAX**

**Section 153.115 Nontaxable Transactions**

The tax imposed by the Watercraft Use Tax Law does not apply if:

- a) *the use of the watercraft is otherwise taxed under the Use Tax Act;*
- b) *the watercraft is bought and used by a governmental agency or a society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes and that entity has been issued an exemption identification number that is active under Section 1g of the Retailers' Occupation Tax Act;*
- c) *the transfer is a gift to a beneficiary in the administration of an estate and the beneficiary is a surviving spouse; or*
- d) *the watercraft is exempted from the numbering provisions of Section 3-12 of the Boat Registration and Safety Act [625 ILCS 45/3-12]. [35 ILCS 158/15-10] However, Watercraft Use Tax will become due on any watercraft that is exempted from the numbering provisions of paragraphs A, B, C, F, and G of Section 3-12 of the Boat Registration and Safety Act if that watercraft is used upon the waters of this State over 30 accumulated days in any calendar year. The following are the watercraft referred to in paragraphs A, B, C, F, and G of Section 3-12 of the Boat Registration and Safety Act to which the 30-day rule applies:*
  - 1) A watercraft that has a valid marine document issued by the United States Coast Guard.
  - 2) A watercraft already covered by a number in full force and effect that has been awarded to it pursuant to Federal law or a Federally approved numbering system of another State.
  - 3) A watercraft from a country other than the United States temporarily using the waters of this State.
  - 4) A watercraft that belongs to a class of boats that has been exempted from numbering by the Department of Natural Resources after that agency has found that an agency of the federal Government has a numbering system applicable to the

class of watercraft to which the watercraft in question belongs and would be exempt from numbering if it were subject to the Federal law.

- 5) A watercraft that is competing in any race approved by the Department of Natural Resources under the provisions of Section 5-15 of the Boat Registration and Safety Act or a watercraft that is designed and intended solely for racing while engaged in navigation that is incidental to preparation of the watercraft for the race. Preparation of the watercraft for the race may be accomplished only after obtaining the written authorization of the Department of Natural Resources.

Example:

A watercraft that has a valid marine document issued by the United States Coast Guard and is used upon the waters of this State for 35 days in a calendar year is subject to Watercraft Use Tax. The tax applies even though the watercraft is not required to be registered under the Boat Registration and Safety Act until it has been used upon the waters of this State for more than 60 days in a calendar year. See subsection (d).

e) Other common exemptions:

- 1) A tugboat qualifying for the rolling stock exemption is purchased for use upon the waters in Illinois. No Watercraft Use Tax would be incurred on the purchase.
- 2) A person purchases a 17-foot johnboat from an individual (non-retailer) to be used primarily in the raising of catfish for retail sale on a commercial catfish farm in Illinois. No Watercraft Use Tax is due on the purchase, because the johnboat is used primarily in production agriculture.

